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CONSENT CALENDAR

SETTING CONNECTION FEES WITHIN THE ORANGE COUNTY SANITATION DISTRICT FLOW EXCHANGE AGREEMENT AREA

SUMMARY:

IRWD has collaborated with Orange County Sanitation District (OC San) to develop a new agreement streamlining multiple previous operating agreements between the agencies related to sewer flows. The Flow Exchange (FE) agreement was approved by the Board on November 24, 2025, and contains operational modifications that require implementation of the sewer connection fees for various improvement districts to ensure the connection fees charged match the services provided.

This change primarily encompasses portions of four Improvement Districts (IDs):

- Irvine Business Complex (ID 222);
- Tustin Marine Corp Air Station (ID 213);
- Coyote Canyon (ID 225); and
- Orange Park Acres (ID 256).

The connection fees in these service areas were previously based on the necessary facilities to provide collection, treatment and recycled services. The connection fees being established in a portion of these IDs will provide for collection and recycled service only. A location map of the described areas is shown as Exhibit “A”. Staff recommends that the Board approve the proposed OC San sewer connection fees and adopt a resolution approving the revision.

BACKGROUND:

While IRWD recycles most of the sewage collected from its customers at the Michelson Water Recycling Plant (MWRP) and the Los Alisos Water Recycling Plant (LAWRP), historically some sewage from IRWD has been sent to OC San’s wastewater treatment plants for various reasons. Additionally, OC San’s treatment plants have served as IRWD’s “backup” for sewage treatment and / or excess flows disposal. During this time, various flow accommodation agreements have been executed to handle sewage collection and treatment throughout IRWD and neighboring service areas. These agreements also included Operations and Maintenance (O&M) and Capital expenditure charges for the services.

IRWD collaborated with OC San to consolidate and simplify many of the wastewater agreements that have been implemented over the past 60 years. The FE agreement consolidates and simplifies several prior agreements related to the Irvine Business Complex (IBC), Tustin Marine Corps Air Station (MCAS), Jamboree / Bison area, San Joaquin Hills Planned Community (SJHPC), Harvard Area Trunk Sewer (HATS), Orange Park Acres (OPA), and U.S. Food and Drug Administration (USFDA) property.

As a result of the changes in operating standards between IRWD and OC San prescribed in the FE agreements, IRWD is establishing connection fees in the areas affected by the agreement. These areas will be formed into smaller planning areas and the sewer connection fees will be based on 63% of the current connection fee. The percentage is based on the asset mix of facilities within the areas, meaning treatment carries 37% of the asset value. The table below shows the change in sewer connection fees for a typical residential customer:

Area	Current Fee	Revised Fee
Irvine Business Complex (ID 222)	\$10,065	\$6,341
Tustin Marine Corp Air Station (ID 213)	\$9,153	\$5,766
Coyote Canyon (ID 225)	\$6,301	\$3,970
Orange Park Acres (ID 256)	\$8,622	\$5,432

Note: San Joaquin Hills (ID 240) is also impacted by this agreement, but the standard sewer connection fee for ID 240 does not include any treatment costs so no adjustment is needed in calculating OC San's sewer connection fee.

The new planning areas will be included in the Rates and Charges document and future rate adjustments will occur through the same process as other connection fees going forward. The proposed sewer connection fees are redlined in Exhibit "B". The recommended Board resolution is provided as Exhibit "C".

FISCAL IMPACTS:

The Connection fees outlined in Exhibit "B" are included in the FY 2025-26 and 2026-27 non-operating budgets.

ENVIRONMENTAL COMPLIANCE:

This item is not a project as defined in the California Environmental Quality Act Code of Regulations, Title 14, Chapter 3, Section 15378.

COMMITTEE STATUS:

The Flow Exchange agreement was reviewed by the Engineering and Operations Committee on November 18, 2025, and approved by the Board of Directors on November 24, 2025.

RECOMMENDATION:

THAT THE BOARD APPROVE PROPOSED CONNECTION FEES AND ADOPT THE
FOLLOWING RESOLUTION BY TITLE:

RESOLUTION NO. 2026 –

RESOLUTION OF THE BOARD OF DIRECTORS OF THE
IRVINE RANCH WATER DISTRICT
ADOPTING CHANGES TO CONNECTION FEES AS SET FORTH IN
THE SCHEDULE OF RATES AND CHARGES IN EXHIBIT “B” TO THE
RULES AND REGULATIONS OF IRVINE RANCH WATER DISTRICT
FOR WATER, SEWER, RECYCLED WATER, AND NATURAL
TREATMENT SYSTEM SERVICE

LIST OF EXHIBITS:

Exhibit “A” – Locations Map

Exhibit “B” – Proposed Updates to the Rates and Charges for Sewer Connection Fees

Exhibit “C” – Resolution Adopting Changes to Rates and Charges

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